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- Railroad operating costs. A series of original studies in operating costs of the leading American railroads.* (New York: Moody's Magazine, Book Dept. 1912. Pp. 82. \$2.)
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- Das deutsche Eisenbahnwesen der Gegenwart.* Two volumes. (Berlin: Reimar Hobbing. 1911. Pp. 507; 663. 15 m.)
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- Die Verhandlungen über die Mosel- Saar- und Lahnkanalisierung im preussischen Abgeordnetenhaus am 3.3. 1911.* Südwestdeutsche Flugschriften, No. 14. (Saarbrücken: C. Schmidtke. 1911. Pp. 53. 0.10 m.)

### Trade, Commerce, and Commercial Crises

*Industrial Depressions: Their Causes Analyzed and Classified, with a Practical Remedy for Such as Result from Industrial Derangements; or Iron the Barometer of Trade.* By GEORGE H. HULL. (New York: Frederick A. Stokes Company. 1911. Pp. xiv, 287. \$2.75.)

Of this book the critical part, in which the writer seeks to clear the ground for his own theory of industrial depressions, is flimsy. Mr. Hull takes the two lists of alleged causes of crises published twenty-six years ago in the *First Annual Report of the Commissioner of Labor* as an adequate summary of existing theories. Of the 135 plus 180 explanations jumbled together in these lists, he rapidly eliminates as untenable all but one. This last survivor is high prices.

Readers acquainted with the substantial literature of business cycles will get little save amusement from this summary method of "proving untrue all written heretofore." But they will find the constructive chapters which follow well worth while. Here, Mr. Hull builds upon a long business experience, and reveals an insight which more than compensates for his lack of training as a critic. Not high prices in general, runs his thesis, but high prices of construction, is the hitherto "unknown cause of the mysterious depressions" from which industrial nations suffer.

In demonstrating this thesis, Mr. Hull contends that agriculture, commerce, and finance fluctuate within relatively narrow limits. Agriculture provides the necessities of life, commerce distributes them, finance adjusts the bills. The volume of all this business is fairly constant, because the demand for necessities is incapable of sudden expansion or contraction. Industry, on the contrary, may expand or contract indefinitely—especially that

part of industry which is devoted to construction work. For the sources of booms and of depressions, therefore, we must look to the enterprises which build and equip houses, stores, factories, railways, and the like.

Of the huge total of construction, which Mr. Hull believes to make over three quarters of all industrial operations, at least two thirds even in the busiest seasons consists of repairs, replacements, and such extensions as are required by the growth of population. This portion of construction is necessary and must be executed every year. But the remainder is "optional construction," and is undertaken or not according as investors see a liberal or a meager profit in providing new equipment.

Now, when the costs of construction fall low enough to arouse "the bargain-counter instinct," many of "the farseeing ones who hold the purse strings of the country" invest heavily, and their example is followed by the less shrewd. The addition of this new business to the regular volume of "necessity construction" plus the provision of ordinary consumers' goods creates a boom. But, after a year or two, the contractors find their order books filled with more work than they can get labor and materials to finish on contract time. When this oversold condition of the contracting trades is realized, prices of raw materials and of labor rise rapidly. The estimated cost of construction on new contracts then becomes excessive. Shrewd investors therefore begin to defer the execution of their plans for extending equipment, and the letting of fresh contracts declines apace. As they gradually complete their old contracts, all the enterprises making iron, steel, lumber, cement, brick, stone, etc., face a serious shrinkage of business. Just as the execution of the large contracts for "optional construction" in the low-price period brought on prosperity, so the smallness of such contracts in the high-price period now brings on depression. Then the prices of construction fall until they arouse "the bargain-counter instinct" of investors once more, and the cycle begins afresh.

Mr. Hull seeks to substantiate this theory of business cycles by an "analysis of all the industrial depressions of modern times." He finds that, while numerous panics have been brought on by strictly financial disorders, all true depressions have been caused by high prices of construction, and foreshadowed by high prices of iron. The means of prevention which he suggests is "the inau-

guration by the national government of a system for collecting and publishing monthly all pertinent information in relation to the existing volume of construction under contract for future months, and all pertinent information in relation to the capacity of the country to produce construction materials to meet the total demand thus indicated."

In some respects Mr. Hull's theory is closely related to that worked out by Spiethoff; but his fresh materials and fresh suggestions form a distinct contribution.

WESLEY C. MITCHELL.

*University of California.*

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- ARTHAUD, A. *Extension du régime des entrepôts et de l'admission temporaire.* (Marseille: Chambre de Commerce. 1911.)
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- FRANCK, R. *Le commerce de l'alcool.* (Paris: Rousseau. Pp. 406. 8 fr.)
- GERLICH, H. *Die Preisbildung und Preisentwicklung für Vieh und Fleisch am Berliner Markte (für Schweine).* Schriften des deutschen Vereins für Armenpflege und Wohltätigkeit, No. 135. (Leipzig: Duncker & Humblot. 1911. Pp. 160. 4 m.)
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- POHER, E. *Le commerce des produits agricoles.* Encyclopédie agricole. (Paris: J. B. Baillière et fils. 1911. Pp. 600. 5 fr.)
- PRATT, E. A. *A history of inland transport and communication in England.* (London: K. Paul. 1911. Pp. 544. 6s.)